

# **MOSES KOTANE LOCAL MUNICIPALITY**

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## MOSES KOTANE LOCAL MUNICIPALITY

### GENERAL INFORMATION

#### **SPEAKER**

COUNCILLOR: E D MOGALE

#### **MAYOR**

COUNCILLOR: P L MOLELEKENG

#### **MEMBERS OF THE EXECUTIVE COMMITTEE**

COUNCILLOR: P L MOLELEKENG (CHAIRPERSON)

COUNCILLOR: P BOSIELO

COUNCILLOR: A DIALE

COUNCILLOR: G MASELWANE

COUNCILLOR: M F MOKATI

COUNCILLOR: E MOLOTSI

COUNCILLOR: J M MOLETSANE

COUNCILLOR: D E MEKGWE

COUNCILLOR: G NONG

COUNCILLOR: K NTSHWAGONG

#### **MEMBERS OF THE COUNCIL**

##### **WARD**

##### **COUNCILLOR**

1	P K MOKGOPHE
2	A S SEBOKA
3	G MASELWANE
4	M F MOKATI
5	M G RAMAPOTOKA
6	M L MZELEM
7	S S C NTSHABELE
8	F F M DINAKE
9	M S MABITSELA
10	R J MATSHEGO
11	M T RAMOKOKA
12	M Z MATSHABA
13	L T D NTSAMAI
14	T R MANGANYE
15	M R SEEMA
16	R J MOABI
17	M J TSHITE
18	T P SEKOKO
19	R O MOLEFE
20	M E MANALE
21	J N KALAYAMODIMO
22	M E MOSWEU
23	M E A MOPEDI
24	M C MOKOKA
25	M L PHIRI
26	P B MKANDAWIRI
27	E F MOKGOTHU
28	L MOATE
29	R G MATLHAKO
30	O D MAHUPELA

## MOSES KOTANE LOCAL MUNICIPALITY

### GENERAL INFORMATION

#### MEMBERS OF THE COUNCIL: PROPORTIONAL

##### COUNCILLOR

E D MOGALE  
E MOLOTSI  
G NONG  
M MOLATUDI  
A MOSITO  
P L MOLELEKENG  
M MONYATSI  
M SEGODI  
L NHLAPO  
P BOSIELO  
R DIALE  
S SEABELO  
K NTSHWAGONG  
J MOOKANENG  
B MOLEFE

##### COUNCILOR

D E MEKGWE  
C MOTSHABI  
J M MOLETSANE  
M RASEPAE  
M MOATSHE  
M J MAKGALE  
J B MOKAE  
P BOGATSU  
C P SEPHOTI  
M S RAMOENYANA  
M MOLOI  
D M MOTSHEGOE  
P M MAOTA  
P M NKOPELANG  
G RAMORWESI

#### GRADING OF LOCAL AUTHORITY

NONE

#### AUDITOR

The Auditor General

#### BANKERS

ABSA BANK RUSTENBURG

#### REGISTERED OFFICE

Civic Centre  
Mogwase

Private Bag X 1011  
Mogwase  
O314

Telephone: (014) 555 6337  
Fax : (014) 555 6368  
Email : [municipalmanager@moseskotane.co.za](mailto:municipalmanager@moseskotane.co.za)

#### APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages 5 to 39 were approved by the Municipal Manager on 29 August 2005 and will be presented to the Executive Committee on 1 September 2005 and the Ordinary Council Meeting on 6 September 2005.

#### ACTING MUNICIPAL MANAGER

Mr. O G MOREMEDI (B. ADMIN.)

#### DIRECTOR FINANCE

Mr. G J MOATSHE ( B. COM; B. ED. )

## MOSES KOTANE LOCAL MUNICIPALITY

### ACCOUNTING POLICIES

#### 1. Basis of presentation

- 1.1. These financial statements have been prepared to conform to the standards laid down by the Institute of Municipal Finance Officers in its Code of Practice for Local for Local Government Accounting (1997) and the Published Annual Financial Statements for Local Authorities ( 2nd edition 1996, as amended).
- 1.2. The financial statements are prepared on the historical cost basis, adjusted for capital expenditure as more fully detailed in note 3. The accounting policies are consistent with those applied in previous years, except if otherwise indicated.
- 1.3. The financial statements are prepared on the accrual basis:  
Income is accrued when measurable and available. Certain direct income is recorded when received, such as governmental grants.  
Expenditure is accrued in the year it is incurred.

#### 2. Consolidation

The balance sheet includes Rate and General Services, Housing Service, Trading Services and the different funds, reserves and provisions. All inter-departmental charges are set-off against each other, with the exception of assessment rates, refuse removal, sewerage, which are treated as income and expenditure in the respective departments.

#### 3. Fixed assets

- 3.1. Fixed assets are stated at historical cost or at valuation (based on market price at date of acquisition), where assets have been acquired by grant or donation, while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated life as determined by the Treasurer.
- 3.2. Depreciation: The balance shown against the heading "Loans Redeemed and other Capital Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation, however, certain structural differences do exist. By way of this "provision" assets are written down over their estimated useful life. Apart from advances from the various council funds, assets may also be acquired through:  
Appropriations from operating income, where the full cost of the asset forms an immediate and direct charge against operating income, and therefore it is unnecessary to make any further provision for depreciation.
- Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and other Capital Receipts" account.
- 3.3. All net proceeds from the sale of fixed property are credited to the Asset Financing Fund. Net proceeds from the sale of other assets are also credited to the Asset Financing Fund or to Income.
- 3.4. Capital assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans and advances. Interest is charged to the service concerned at the ruling interest applicable at the time the advance is made.

**MOSES KOTANE LOCAL MUNICIPALITY**  
**ACCOUNTING POLICIES**

**4. Inventory**

Inventory (stores and materials) is valued at the lower of cost, determined on the weighted average basis and net realisable value.

**5. Trust Funds**

Transfer of Land

The transfer of land fund is to finance the transfer of land from North West Province to The Municipality

Sisal Project

Funds are set aside for a Local Economic Development community based project in the Madikwe District

Goat Feedlot Project

The goat feedlot project is a community based project financed by Provincial Government

LED Project

Funds are set aside for community projects in the district area of the Council

Mabeskraal Library

The erection and maintenance of the Mabeskraal Library is funded by grants from the North West Province

Interns

Grant received from National Government for the capacitating of 4 Interns in Local Government

Vuna Awards

Grant received from the Vuna Awards Consortium to be utilized by the Council as pleased.

Drought Relief

Grant received to be utilized by the council in those areas were needed.

**6. Reserves**

Capital Maintenance Fund

The capital maintenance reserve fund is used for maintenance of the assets of the council

Capital Reserve Fund

Funds are set aside to finance assets from internal sources

**7. Provisions**

Provisions are created for liabilities or contingencies which are known at the date of the balance sheet, but for which the amounts involved cannot be determined with substantial accuracy. Provisions are made for audit and bad debts.

**8. Retirement benefits**

All employees are contributing to the retirement funds of the Provincial Government.

## MOSES KOTANE LOCAL MUNICIPALITY

### ACCOUNTING POLICIES

**9. Surpluses and deficits**

Any surpluses or deficits arising from the operation of services are transferred to Rate and General Services to alleviate the tax burden of rate payers.

**10. Treatment of administration and other overhead expenses**

The cost of internal support services are transferred to the different services in accordance with the IMFO's Report on Accounting for Support Services.

**11. Investments**

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred, and are invested according to the provisions contained in Circular 26 of 1991 issued by the Provincial Administration.

**12. Income recognition**

**12.1 Electricity and water billings**

These services are not currently provided by the council

**Assessment Rates**

Assessment rates are levied on land as well as the improvement value of a property where the property has been developed

Differentiated tariffs are applicable depending on the use of the property.

Assessment rates are not levied on empty properties.

**13. Lease of fixed assets**

When assets are leased out under a finance lease, the present value of the lease payments is recognized as a receivable in the Income Statement.

**14. Sale of fixed property/stands**

The revenue generated through the sale of fixed assets must be allocated to the Land Trust Fund.

# MOSES KOTANE LOCAL MUNICIPALITY

## BALANCE SHEET AT 30 JUNE 2005

		2005 R	2004 R
<b>CAPITAL EMPLOYED</b>			
FUNDS AND RESERVES	Note	7,474,843	3,170,877
Statutory Funds	1	493,828	2,768,020
Trust Funds	2	6,351,677	
Reserves	3	629,338	402,857
RETAINED SURPLUS	17	14,411,130	24,551,884
		21,885,973	27,722,761
LONG TERM LIABILITIES	5	35,517,603	33,595,963
CONSUMER DEPOSITS - SERVICES	6	0	0
		57,403,576	61,318,724
<b>EMPLOYMENT OF CAPITAL</b>			
FIXED ASSETS	7	32,928,371	29,850,202
LONG TERM DEBTORS	9	321,351	
		33,249,722	29,850,202
NET CURRENT ASSETS		24,153,854	31,468,522
CURRENT ASSETS		39,321,319	60,640,024
Inventory	10	111,375	118,582
Debtors	11	15,902,509	16,047,248
Short term portion of long term debtors	9	49,505	
Short term portion of investments	8	12,078,607	19,381,359
Cash	22	11,179,323	25,092,835
CURRENT LIABILITIES		-15,167,465	-29,171,502
Creditors	12	12,292,650	28,125,199
Loans: Short term portion	5	2,221,641	1,046,303
Provisions	4	653,174	
		57,403,576	61,318,724

<b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005</b>							
2004 Actual Income	2004 Actual Expenditure	2004 Surplus / (Deficit)		2005 Actual Income	2005 Actual Expenditure	2005 Surplus / (Deficit)	Budget Surplus / (Deficit)
R	R	R		R	R	R	R
			<b>RATE AND GENERAL</b>				
64,232,772	55,307,684	8,925,088	<b>SERVICE</b>	67,369,316	65,086,720	2,282,596	-2,632,887
58,749,289	42,960,232	15,789,057	Community services	60,572,510	45,372,328	15,200,182	13,103,450
23,267	1,802,086	-1,778,819	Subsidised services	24,827	5,500,258	-5,475,431	-6,752,873
5,460,216	10,545,366	-5,085,150	Economic services	6,771,979	14,214,134	-7,442,155	-8,983,464
0	0	0	<b>HOUSING SERVICES</b>	0	0	0	0
0	0	0	<b>TRADING SERVICES</b>	1,500,000	3,551,992	-2,051,992	2,682,887
64,232,772	55,307,684	8,925,088	<b>TOTAL</b>	68,869,316	68,638,712	230,604	50,000
			Appropriations for the year (refer to note 17)			-4,574,245	
		8,925,088	Net surplus for the year			230,604	
		14,896,916	Accumulated surplus at the beginning of the year			24,551,884	
		729,880	<b>Prior year adjustments</b>			-5,797,113	
		24,551,884	<b>ACCUMULATED SURPLUS AT THE END OF THE YEAR</b>			14,411,130	

(Refer to appendices D and E for more detail)



# MOSES KOTANE LOCAL MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 R	2004 R
<b>CASH RETAINED FROM OPERATING ACTIVITIES</b>		8,058,032	58,460,103
Cash generated by operations	18	9,636,844	24,623,920
Investment income	16	1,596,953	1,667,023
(Increase) / decrease in working capital	19	-18,304,236	18,018,700
		-7,070,439	44,309,643
Less: External interest paid	16	-4,685,410	-3,229,392
Cash available from operations		-11,755,849	41,080,251
Net proceeds on disposal of assets		-103,955	
Cash contributions from the public and State	7	19,917,836	17,379,852
<b>CASH UTILIZED IN INVESTMENT ACTIVITIES</b>			
Purchase of Assets	7	-32,371,274	-47,342,074
<b>NET CASH FLOW</b>		<u>-24,313,242</u>	<u>11,118,029</u>
<b>CASH EFFECTS ON FINANCING ACTIVITIES</b>			
Increase / (decrease) in long term loans	20	3,096,978	11,404,473
(Increase) / decrease in cash investments	21	7,302,752	859,988
(Increase) / decrease in cash	22	13,913,512	-23,382,490
<b>NET CASH (GENERATED) / UTILIZED</b>		<u>24,313,242</u>	<u>-11,118,029</u>

Note

Disposal of asset

Trade-In on vehicle: Book value R243 955 less trade of R140 000 = R103 955

**MOSES KOTANE LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005**

	2005 R	2004 R
<b>1 STATUTORY FUNDS</b>		
Land Trust Fund	493,828	
Established in terms of Section 79(18)(f) of the Local Government Ordinance 17 of 1939 for the sale of stands in Unit 5 Mogwase		
<b>2 TRUST FUNDS</b>		
Transfer of Land		1,049,195
Sisal Project	53,670	568,625
Goat Feedlot Project	209,393	480,200
LED Projects		670,000
Mabeskraal Library	553,130	
Interns	785,484	
Vuna Awards	750,000	
Drought Relieve	4,000,000	
	<u>6,351,677</u>	<u>2,768,020</u>
<b>3 RESERVES</b>		
Capital Maintenance Fund		9,683
Capital Reserve Fund	629,338	
	<u>629,338</u>	<u>9,683</u>
(Refer to appendix A for more detail)		
<b>4 PROVISIONS</b>		
Provision for Leave	653,174.00	393,174.00
<b>5 LONG TERM LIABILITIES</b>		
Government loans		
Annuity loans	37,739,244	34,642,266
Less: Current portion transferred to current liabilities		
Government loans		
Annuity loans	-2,221,641	-1,046,303
	<u>35,517,603</u>	<u>33,595,963</u>
<p>The loan from ABSA amounts to R 6 900 000 repayable at quarterly intervals at an interest rate of 13,4% over a period of 10 years with the last payment on 30 September 2011</p> <p>The loan from INCA amounts to R 15 300 000 repayable at half yearly intervals at an interest rate of 14% over a period of 15 years with the last payment on 31 December 2017</p> <p>Another loan from INCA amounts to R 605 000 repayable at half yearly intervals at an interest rate of 14,50% over a period of 5 years with the last payment on 31 December 2007</p> <p>A loan R 13,357,818 was raised from DBSA at half yearly intervals at an interest rate of 11,44 over a period of 20 years</p> <p>Loans to the value of R 4,695,463 was raised from ABSA</p> <p>(Refer to appendix B for more detail on long-term liabilities)</p> <p>The assessments rates payable by Sun City is ceded to DBSA and INCA</p> <p>Unspent loans amounts to R4 480 484 which will be spent during the 2005/2006 financial year.</p> <p>Interest and administrative charges capitalized by ABSA R330 389</p>		
<b>6 CONSUMER DEPOSITS - SERVICES</b>		
Electricity and water	<u>0</u>	<u>0</u>

**MOSES KOTANE LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (Continued)**

	2005 R	2004 R
<b>7 FIXED ASSETS</b>		
Fixed assets: beginning of the year	87,224,618	39,882,544
Capital expenditure during the year	32,371,274	47,342,074
Less: Assets written off, redeemed, transferred or disposed of during the year	-363,955	
Total fixed assets	<u>119,231,937</u>	<u>87,224,618</u>
Less: Loans redeemed and other capital receipts	<u>-86,303,566</u>	<u>-57,374,416</u>
Net fixed assets	32,928,371	29,850,202
Capital expenditure amounting to R 32,371,274 is financed as follows:		
Grants	R 19,917,836	
External loans	R 4,676,654	
Capital Reserve Fund	R 4,574,245	
Income	R 3,202,539	
Assets of R4 676 653 are pledged as security for liabilities at ABSA ( Vehicles )		
<b>Capital Work in Progress</b>		
Bridge over D50 Road	2,909,212	
Welgeval Road	631,129	
Ledig Municipal Offices	162,796	
Lesetlheng Road	109,335	
Mankwe 5 & 6 Roads	550,025	
Community Halls	51,848	
Cemetery Mogwase	15,953	
High Mast Lights Mabela-a-Podi	302,429	
Ledig Water Reservoir	1,514,311	
Mothlabe Water yard Connections	25,927	
The above capital projects are still in progress and will be capitalized as soon as the projects are completed or as funds are received as budgeted for.		
<b>8 INVESTMENTS</b>		
Other deposits	78,323	7,760
Short-term deposits	<u>12,000,284</u>	<u>19,373,599</u>
	<u>12,078,607</u>	<u>19,381,359</u>
Management's valuation of unlisted investments	<u>12,078,607</u>	<u>19,381,359</u>
Circular no 25 of 1995 issued by the Provincial Administration requires local authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate to meet commitments.		
No investments were written off during the year.		
An amount of R107 700 of the investment at ABSA which amounts to R118 254 is ceded to Escom serving as a electricity deposit at the Civic Centre		
<b>9 LONG-TERM DEBTORS</b>		
Erven sales	370,856	0
Less: Short term portion transferred to current assets	<u>49,505</u>	
Total	321,351	0
Stands sold in Unit 5 Mogwase		

# MOSES KOTANE LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (Continued)

	2005 R	2004 R
<b>10 INVENTORY</b>		
Inventory represents consumable stores.	<u>111,375</u>	<u>118,582</u>
<b>11 DEBTORS</b>		
Current consumers debtors	18,485,962	18,455,665
Plus VAT Control	<u>1,297,525</u>	<u>828,349</u>
	19,783,487	19,284,014
Sundry Debtors Suspense	<u>7,650,147</u>	<u>6,041,582</u>
	27,433,634	25,325,596
Less: Provision for bad debts	<u>-11,531,125</u>	<u>-9,278,348</u>
	<u>15,902,509</u>	<u>16,047,248</u>
No amounts were written off as bad debts during the year ( 2004/2005 )		
<b>12 CREDITORS</b>		
Trade creditors	5,838,830	6,264,687
Auditor General		65,999
Amounts received in advance	694,615	86,664
VAT - Control		
Sundry Creditors Suspense	1,961,841	2,097,844
Housing	<u>3,797,364</u>	<u>19,610,005</u>
	<u>12,292,650</u>	<u>28,125,199</u>
<b>13 ASSESSMENTS RATES</b>		
Residential and Commercial	2,893,253	3,002,788
Government	2,466,220	2,241,952
Sun City	9,680,000	10,146,516
Escom Servitudes	0	810,425
Mines	<u>936,550</u>	<u>935,550</u>
Totals	<u>15,976,023</u>	<u>17,137,231</u>

Valuations are performed every three years and the first valuation roll came into effect on 2 July 2002.

Interim valuations are processed on a monthly basis to take into account changes in individual property values due to alterations and subdivisions.

Assessment rates are calculated on land as well as on improvements.

A rebate of 20% is granted to State properties

The tariff structure and valuations are set out under Statistical Information. ( Refer page 39 )

# MOSES KOTANE LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2005 (Continued)

	2005 R	2004 R
<b>14 COUNCILOR'S REMUNERATION</b>		
Mayor's allowance	169,674	160,070
Speaker	135,738	128,056
Executive Committee member's allowance	1,145,294	1,080,468
Chief Whip	112,433	
Councilor's allowance - Part-Time	1,842,747	1,768,578
Traveling allowance	851,473	784,288
Pension fund contribution	488,435	461,084
Medical aid contribution	354,184	344,623
Housing Allowance	427,977	375,320
Personal Facilities	177,366	167,338
Telephone	492,625	326,500
	<u>6,197,946</u>	<u>5,596,325</u>
<b>15 AUDITOR'S REMUNERATION</b>		
Audit fees	<u>160,800</u>	<u>90,000</u>
<b>16 FINANCE TRANSACTIONS</b>		
Total external interest earned and paid		
Interest earned	1,596,953	1,667,023
Capital charges charged to operating account		
Interest paid		
External	4,685,410	3,229,392
Redemption paid		
External	1,598,485	907,042
<b>17 APPROPRIATIONS</b>		
Appropriation account		
Accumulated surplus / (deficit): beginning of year	24,551,884	14,896,916
Operating surplus / (deficit) for the year	230,604	8,925,088
Appropriations for the year	-4,574,245	
Contribution to Leave Reserve		
Provision for bad debts		
Prior year adjustments	-5,797,113	729,880
Accumulated surplus / (deficit): end of year	<u>14,411,130</u>	<u>24,551,884</u>
<b>PRIOR YEAR ADJUSTMENTS</b>		
Billing adjustments on assessment rates Sun City	1,550,109	
Billing adjustments on assessment rates Escom	1,751,400	
Reversal previous year adjustments	107,026	
Contributions Asset Financing Fund	1,055,628	
Receipt reversal Sun City payment	1,466,662	
Deposit purchase of vehicles	300,000	
Expenditure relating to previous year	1,175,976	
Receipts previous year	-44,566	
Adjustment expenditure Transfer of Land	-612,753	
VAT received	-952,369	
	<u>5,797,113</u>	

# MOSES KOTANE LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (Continued)

	2005 R	2004 R
<b>18 CASH GENERATED BY OPERATIONS</b>		
Surplus / (deficit) for the year	230,604	8,925,088
Adjustments in respect of previous years' operating	-5,797,113	729,880
Appropriations charged against income:		
Appropriations	-4,574,245	
Provisions and reserves	2,512,777	6,130,000
Fixed assets from operating income	3,202,539	5,192,195
Fixed assets from reserves	4,574,245	
Capital charges		
Interest paid		
on external loans capitalized		
on external loans	4,685,410	3,229,392
Redemption		
of internal advances		
of external loans	1,598,485	907,042
investment income operating	-1,596,953	
Investment income ( Interest received ) non operating	37,542	50,507
Non operating expenditure	-8,883,841	-3,165,601
Non operating income	13,543,439	2,625,417
Credited to provisions and reserves		
Net proceeds on disposal of assets	103,955	
	<u>9,636,844</u>	<u>24,623,920</u>
<b>19 (INCREASE) / DECREASE IN WORKING CAPITAL</b>		
(Increase) / decrease in stock	7,207	-3,131
(Increase) / decrease in debtors	-2,478,894	-7,392,629
Increase / (decrease) in creditors	-15,832,549	25,275,199
Increase / (decrease) in creditors - Short Term		139,261
	<u>-18,304,236</u>	<u>18,018,700</u>
<b>20 INCREASE / (DECREASE) IN LONG TERM LOANS (EXTERNAL)</b>		
Loans raised	4,676,653	13,357,818
Administration cost Capitalized	18,810	
Short Term Portion		-1,046,303
Loans repaid	-1,598,485	-907,042
	<u>3,096,978</u>	<u>11,404,473</u>
<b>21 (INCREASE) / DECREASE IN EXTERNAL CASH INVESTMENTS</b>		
Investments made		
Investments realized	7,302,752	859,988
	<u>7,302,752</u>	<u>859,988</u>

## MOSES KOTANE LOCAL MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (Continued)

	2005 R	2004 R
<b>22 (INCREASE) / DECREASE IN CASH ON HAND</b>		
Cash balance: beginning of the year	25,092,835	1,710,345
Cash balance: beginning of the year : Petty Cash		
Less balance at end of year		
Councils General Account	-10,900,757	-6,783,577
Libraries	-97,697	-1,099,486
LED	-57,077	737
Housing	-123,792	-17,210,509
	<u>13,913,512</u>	<u>-23,382,490</u>

#### **23 RETIREMENT BENEFITS**

Personnel are members of the Provincial Pension Fund or Retirement Fund.

#### **24 CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS**

The council has handed debtors with large amounts outstanding over to the attorneys for recovering of these outstanding amounts.

#### **25 CAPITAL COMMITMENTS FOR THE UPCOMING FINANCIAL YEAR**

An amount of R 177 279 547 has been provided for capital expenditure on the budget for the 2005/2006 financial year

The amount of R 177 279 547 will be financed as follows:

External loans	R 45 133 132
Grants and subsidies	R 125 492 415
Asset Financing Fund	R 6 654 000

## MOSES KOTANE LOCAL MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (continued)

#### 26 DISCLOSURES IN TERMS OF SEC. 123 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, 2003

##### **Subsection 123(1)(a): Allocations received by the municipality from -**

###### **(i) an organ of state in the national or provincial sphere of government;**

- 1 Department of Water Affairs and Forestry - Water Services Development Plan R 1 500 000
- 2 Department of Developmental Local Government and Housing - Cash flow improvement R 500 000
- 3 Mabeskraal Library - R 1 850 000
- 4 National Treasury - Appointment of Interns R 1 000 000
- 5 Bojanala District Municipality - Refuse removal R 6 000 000

##### **Subsection 123(1)(b): Allocations made by the municipality to a municipal entity or another municipality or any other organ of state;**

Nil.

##### **Subsection 123(1)(c): How any allocations referred to in (a) were spent, per vote, excluding allocations received as equitable share or otherwise prescribed by the allocation;**

- 1 Department of Water Affairs and Forestry - Development of Water Services Development Plan and Sec. 78 process R 1 500 000
- 2 Department of Developmental Local Government and Housing NW - Cash flow improvement - Development of new IT System and ward survey R 500 000
- 3 National Treasury - Appointment of Interns (4 Interns appointed) R 214 516
- 4 Bojanala District Municipality - Refuse removal R 6 000 000

##### **Subsection 123(1)(d): Compliance with conditions in subsection 214(1)(c) of the Constitution and any allocations by organs of state other than by national organs of state;**

Yes.

##### **Subsection 123(1)(e): Reasons for the non compliance with paragraph (d);**

N/A.



## MOSES KOTANE LOCAL MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (continued)

**Subsection 123(1)(f): Whether funds to the municipality i.t.o. the Division of Revenue Act were delayed or withheld and the reasons given;**

No.

#### **27 DISCLOSURES IN TERMS OF SEC. 124 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, 2003**

**Subsection 124(1)(a): Particulars of the salaries, allowances and benefits of political office bearers and councilors of the municipality and whether they are within the upper limits of the framework in section 219 of the Constitution;**

Disclosed in Note 12. Councilors are remunerated within the upper limits of the framework as a grade 3 municipality i.t.o. the Public Office Bearers Act.

**Subsection 124(1)(b): Arrears owed by individual councilors for rates or services which were outstanding for more than 90 days including the names of those councilors;**

Clr. L. Ntsamai 18 Months R 935.00  
Clr. J. Moletsane 4 Months R 228.00  
Clr. G. Ramorwesi 2 Years and 5 Months R 1 469.00  
Clr. J. Mookaleng 14 Months R 418.00

**Subsection 124(1)(c): Salaries, allowances and benefits of the municipal manager, chief financial officer and senior managers;**

Municipal manager: Total cost to employer - R 601 460  
Senior managers: Total cost to employer - R 482 823  
The total cost to employer includes a performance bonus of 12% per annum which is payable after the performance audit. This also include pension, medical aid and transport allowances.

#### **28 DISCLOSURES IN TERMS OF SEC. 125 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, 2003**

**Subsection 125(1)(a): List of all municipal entities under sole or shared control of the municipality during the financial year and as at the last day of the financial year;**

None.

## MOSES KOTANE LOCAL MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (continued)

**Subsection 125 (1)(b): The total amount of contributions to organised local government for the financial year and the amount outstanding at the end of the financial year;**

Amount paid to SALGA North West - R 67 172

No amounts are outstanding as at the end of the financial year.

**Subsection 125(1)(c): The total amount paid in audit fees, taxes, levies, duties, pension and medical aid contributions, and any outstanding amounts at the end of the financial year;**

Audit fees - R 160 800.

Skills development levy - R 92 026.

District municipality levies - R 65 784.

Pension fund contribution - R 1 976 370.

Medical aid contribution - R 823 366.

Contribution to Workman's compensation - R 82 808.

UIF contribution - R 74 064.

**Subsection 125(2)(a): Every bank account held by the municipality at which bank, the type of account, the year opening and the year end balances in each of these accounts;**

1 ABSA current account (Library), opening balance (R 1 099 486), closing balance (R 97 697).

2 ABSA current account (LED), opening balance (R 737), closing balance (R 57 077).

3 ABSA current account (Housing), opening balance (R 17 210 509), closing balance (R 123 792).

4 ABSA current account (Operating), opening balance (R 178 355), closing balance (R 10 900 757).

**Subsection 125(2)(b): Summary of all investments at end of the financial year;**

1 ABSA 32 days notice account, Opening balance 01/07/2004 - R 10 000 000,

Closing balance 30/06/2005 - R 10 000 000.

2 ABSA Call account, Opening balance 01/07/2004 - R 8 216 704,

Closing balance 30/06/2005 - R 1 408 473.

3 ABSA Call account, Opening balance 01/07/2004 - R 1 049 196,

Closing balance 30/06/2005 - R 473 556.

4 ABSA 12 months account, Opening balance 01/07/2004 - R 107 700,

Closing balance 30/06/2005 - R 118 255.

5 Eskom deposit, Opening balance 01/07/2004 - R 7 760,

Closing balance 30/06/2005 - R 78 323.

\* Also see note 8.

## MOSES KOTANE LOCAL MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (continued)

**Subsection 125(1)(c): Particulars of any contingent liabilities of the municipality as at the end of the financial year;**

#### **Claims against the Municipality**

- 1 JONN'S WELDING vs. MOSES KOTANE LOCAL MUNICIPALITY / MR. MOABI: CASE 334/05  
Summons served on municipality in which plaintiff is claiming payment of R 46 500 for renovations effected on the instructions of Mr. Moabi to the Lerome Community Hall. Notice of municipality's intention to defend the action has been given and a request for further particulars was served on plaintiff, to which a response was received.
- 2 MASCRETE (PTY) LTD: UPGRADING OF INTERNAL ROADS IN MANKWE WARDS 5 & 6  
Letter of demand dated 7 March 2005 received from attorneys Zietsman Preller acting on behalf of Mascrete, claiming payment of R 324 000 for work done as per invoice submitted in June 2005. Dispute seems to arise out of work not executed according to specification but certain additional information still outstanding. Further consultation necessary.
- 3 CONTRACT FOR UPGRADING AND SURFACING OF INTERNAL ROUTES IN MADIKWE TOWN  
CONTRACT 15 MKLM/2003. CONTRACTOR MIVAMI JV.  
Claim for payment of R 469 808.56 by the contractor Mivami JV. The claim relates to items which do not appear to be part of the contract specifications and are not included in the schedule of quantities. Letter sent to Karabo Projects requiring clarification of various matters.
- 4 NORTH WEST DEVELOPMENT CORPORATION (NWDC): BODIRELO INFRASTRUCTURE  
Claim by NWDC for R 18 000 000 in respect of infrastructure installed by it in Bodirelo Industrial Township during 1990-1991. NWDC also questions municipality's right to hold it liable for the payment of assessment rates. A task team was established and is making good progress. Settlement acceptable to both parties will be achieved in the near future.
- 5 RENOVATION OF SEWAGE PLANT AND MADIKWE OFFICES: EDWARD SEREKONYANE  
Claim for the payment of R 45 000 by Serekonyane allegedly arising out of a contract that was entered into in January 2002. From a legal point of view any possible claim have prescribed in law. The municipality has been advised accordingly.

## MOSES KOTANE LOCAL MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (continued)

#### Claims on behalf of the Municipality

##### 1 CLAIM FOR PAYMENT OF ASSESSMENT RATES: MUNICIPALITY / NWDC

The municipality has held NWDC liable for payment of assessment rates in respect of properties "owned" in terms of legislation applicable to municipal rating. The total amount due by NWDC at 30 June 2005, excluding interest, is R 3 014 766.

It was suggested that at the very least NWDC should pay the outstanding rates in respect of all properties other than those situated in Bodirelo, pending resolution of the dispute between the municipality and NWDC. This proposal was formally put to the managing director of NWDC and advising that the matter would have to be reported to National Treasury and request the latter to mediate between the parties in terms of sec. 44 of the MFMA, 2003, or alternatively proceed with legal action against NWDC for the recovery of the amount due.

##### 2 ASSESSMENT RATES: MUNICIPALITY vs. PILANESBERG RESORTS (BAKUBUNG LODGE)

Municipality sued Pilanesberg Resorts for the payment of outstanding assessment rates.

Summons was issued and served on the defendant during October 2003 in which payment of R 1 043 750.10 was claimed. Defendant is contesting the claim. The amount outstanding as at 30 June 2005 is R 2 084 999.80.

Pleadings have been finalised and matter was held over pending possible settlement discussions. Attorneys Gumbo & Company were instructed to place defendant on terms regarding settlement of the claim, failing which, application for a trial date must be made. Allocation of trial date is being awaited.

#### **Subsection 125(2)(d): Particulars of any material losses or wasteful expenditures, unauthorised expenditure during the financial year and whether it is recoverable. Criminal or disciplinary steps taken and recovered losses or write offs must be included;**

Disciplinary steps taken:- The director corporate services was suspended by council on 29 July 2004. The disciplinary committee recommended dismissal on 10 November 2004. Council up to 30 June 2005 did not resolve the matter - see item 91/11/2004.

Criminal steps taken:- An estimated amount of R 99 700 was lost at the Madikwe offices of the municipality. The official involved was charged but she resigned before the disciplinary investigation could take place. The matter was reported to the SAPS, case nr. 83/05/2005 (Madikwe Police Station).

#### **Subsection 125(2)(e): Particulars of any non compliance with the Municipal Finance Management Act, 2003;**

None

**MOSES KOTANE LOCAL MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (continued)**

**Subsection 125(2)(f): Any other matters that may be prescribed;**

None.

# MOSES KOTANE LOCAL MUNICIPALITY

## APPENDIX A

### STATUTORY FUNDS, TRUST FUNDS AND RESERVES

	Contributions			Expenditure		
	Balance at 2004/06/30	during the year	Interest on investments	Other income	during the year	Balance at 2005/06/30
	R	R	R	R	R	R
<b>STATUTORY FUNDS</b>						
Land Trust Fund				493,828		493,828
				493,828		493,828
<b>TRUST FUNDS</b>						
Transfer of Land	1,049,195		37,114		1,086,309	0
Sisal Project	568,625				514,955	53,670
Goat Feedlot Project	480,200			246,027	516,834	209,393
LED Projects	670,000		26		670,026	0
Mabeskraal Library			402	1,850,000	1,297,272	553,130
Interns				1,000,000	214,516	785,484
Vuna Awards				750,000		750,000
Drought Relieve				4,000,000		4,000,000
	2,768,020	0	37,542	7,846,027	4,299,912	6,351,677
<b>RESERVES</b>						
Capital Maintenance Fund	9,683				9,683	0
Capital Reserve Fund				5,203,584	4,574,246	629,338
	9,683	0	0	5,203,584	4,583,929	629,338
<b>Total</b>	<b>2,777,703</b>	<b>0</b>	<b>37,542</b>	<b>13,543,439</b>	<b>8,883,841</b>	<b>7,474,843</b>

Note: A Land Trust Fund has been established in terms of Section 79(18)(f) of the Local Government Ordinance 17 of 1939

**MOSES KOTANE LOCAL MUNICIPALITY****APPENDIX B****EXTERNAL LOANS AND INTERNAL ADVANCES**

	Balance at 2004/06/30	Received during the year	Interest Capitalized	Redeemed or written off during the year	Balance 2005/06/30
EXTERNAL LOANS	R	R		R	R
Annuity loans	34,642,266	4,676,653	18,810	1,598,485	37,739,244
	34,642,266	4,676,653	18,810	1,598,485	37,739,244

(Refer to note 5)

# MOSES KOTANE LOCAL MUNICIPALITY

## APPENDIX C

### ANALYSIS OF FIXED ASSETS

Expenditure 2004 R	SERVICE	Budget 2004/05 R	Balance at 30/06/04 R	Expenditure 2004/05 R	Written off, transferred, redeemed or disposed of during year R	Balance at 30/06/05 R
43,466,483	RATE AND GENERAL SERVICES	57,816,352	82,625,409	31,074,910	-363,955	113,336,364
26,704,492	COMMUNITY SERVICES	51,652,352	58,036,589	25,098,868	-363,955	82,771,502
654,783	Council General Expenses	9,922,216	17,975,516	2,136,215	-363,955	19,747,776
25,478,201	Public Works	41,310,136	39,081,710	22,251,152	-	61,332,862
276,120	Municipal Manager	380,000	680,019	-	-	680,019
295,388	Technical Services	40,000	295,388	-	-	295,388
	Town Treasurer	-	3,956	711,501	-	715,457
16,761,991	SUBSIDISED SERVICES	6,164,000	24,588,820	5,976,042	-	30,564,862
1,099,486	Library	-	1,099,486	1,207,619	-	2,307,105
14,114,715	Municipal buildings	15,000	20,459,774	1,693,479	-	22,153,253
	Cemeteries	2,454,000		2,438,843	-	2,438,843
1,547,790	Parks and recreation	3,695,000	3,029,560	636,101	-	3,665,661
	ECONOMIC SERVICES		-	-	-	-
	Refuse	-	-	-	-	-
	Housing	-	-	-	-	-
	Sewerage	-	-	-	-	-
3,875,591	TRADING SERVICES	37,241,225	4,599,209	1,296,364	-	5,895,573
3,875,591	Water service	37,241,225	4,599,209	1,296,364	-	5,895,573
47,342,074	TOTAL FIXED ASSETS	95,057,577	87,224,618	32,371,274	-363,955	119,231,937
LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS						
29,069,072			57,374,416	29,293,105	-363,955	86,303,566
907,042	Loans redeemed and advances repaid		1,832,131	1,598,485	-	3,430,616
5,192,195	Contributions from operating income		6,614,843	3,202,539	-363,955	9,453,427
22,969,835	Grants and subsidies		48,927,442	19,917,836	-	68,845,278
	Reserves		4,574,245	4,574,245	-	4,574,245
18,273,002	NET FIXED ASSETS		29,850,202	3,078,169	-	32,928,371



<b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>APPENDIX D</b> <b>ANALYSIS OF OPERATING INCOME AND EXPENDITURE</b> <b>FOR THE YEAR ENDED 30 JUNE 2005</b>				
Actual 2004			Actual 2005	Budget
R			R	R
		<b>INCOME</b>		
43,991,125		Government and Provincial grants and Subsidies	49,500,973	52,100,973
20,241,647		Income from tariffs, service charges, etc.	19,368,343	21,577,708
<b>64,232,772</b>		<b>Total Income</b>	<b>68,869,316</b>	<b>73,678,681</b>
		Transfer from appropriations	0	13,985,966
<b>64,232,772</b>		<b>Total</b>	<b>68,869,316</b>	<b>87,664,647</b>
		<b>EXPENDITURE</b>		
14,749,885		Salaries, wages and allowances	19,974,090	22,570,148
		Purchase of electricity		
		Purchase of water		
21,028,316		General expenses	35,195,281	46,820,055
6,070,853		Repairs and maintenance	6,428,781	7,901,170
4,136,435		Capital charges	6,283,895	11,664,633
5,192,195		Contributions to fixed assets	2,083,588	2,110,570
6,130,000		Contribution to funds	2,512,777	3,112,777
		Transfers to/from NDR's		-2,725,006
57,307,684		Gross expenditure	72,478,412	91,454,347
-2,000,000		Less: Amounts charged out	-3,839,700	-3,839,700
<b>55,307,684</b>		<b>Net expenditure</b>	<b>68,638,712</b>	<b>87,614,647</b>

**MOSES KOTANE LOCAL MUNICIPALITY**

**APPENDIX E  
DETAILED INCOME STATEMENT FOR THE YEAR  
ENDED 30 JUNE 2005**

2004 Actual income	2004 Actual Expenditure	2004 Surplus / (Deficit)		2005 Actual income	2005 Actual Expenditure	2005 Surplus / (Deficit)	Budget Surplus / (Deficit)
R	R	R		R	R	R	R
64,232,772	55,307,684	8,925,088	RATE AND GENERAL SERVICE	67,369,316	65,086,720	2,282,596	-2,632,887
58,749,289	42,960,232	15,789,057	COMMUNITY SERVICES	60,572,510	45,372,328	15,200,182	13,103,450
	24,109,114	-24,109,114	Council's general expenses		23,706,576	-23,706,576	-14,929,662
			Office of the Mayor		836,715	-836,715	-1,110,403
523	4,206,645	-4,206,122	Office of the Speaker		168,910	-168,910	-429,568
			Municipal Manager		1,735,283	-1,735,283	-1,826,978
			Corporate Services		3,359,121	-3,359,121	-3,556,752
			Strategic Management		3,147,776	-3,147,776	-3,765,425
58,748,766	5,646,108	53,102,658	Town treasurer	60,572,510	2,465,735	58,106,775	50,747,771
			Technical Services		1,163,076	-1,163,076	-1,532,376
	8,998,365	-8,998,365	Streetlights		1,299,675	-1,299,675	-1,398,174
			Roads and Storm water		7,489,461	-7,489,461	-9,094,983
23,267	1,802,086	-1,778,819	SUBSIDISED SERVICES	24,827	5,500,258	-5,475,431	-6,752,873
6,050	307,374	-301,324	Cemetery	7,915	162,664	-154,749	-418,088
17,217	1,494,712	-1,477,495	Municipal buildings	16,912	4,051,084	-4,034,172	-4,838,321
			Parks and recreation		1,286,510	-1,286,510	-1,496,464
5,460,216	10,545,366	-5,085,150	ECONOMIC SERVICES	6,771,979	14,214,134	-7,442,155	-8,983,464
278,232	3,500,135	-3,221,903	Sewerage	278,205	2,911,758	-2,633,553	-3,703,264
5,181,984	7,045,231	-1,863,247	Cleansing	6,493,774	11,302,376	-4,808,602	-5,280,200
			TRADING SERVICES	1,500,000	3,551,992	-2,051,992	2,682,887
			Electricity service				
			Water service	1,500,000	3,551,992	-2,051,992	2,682,887
64,232,772	55,307,684	8,925,088	TOTAL	68,869,316	68,638,712	230,604	50,000
			Appropriations for the year (Refer to note 15)			-4,574,245	
		8,925,088	Net surplus for the year			230,604	
		14,896,916	Accumulated surplus at the beginning of the year			24,551,884	
		729,880	Prior year adjustments			-5,797,113	
		24,551,884	ACCUMULATED SURPLUS AT THE END OF THE YEAR			14,411,130	

# MOSES KOTANE LOCAL MUNICIPALITY

## APPENDIX F

### STATISTICAL INFORMATION

		2005	2004
<b>General statistics</b>			
Population		239,000	239,000
Registered voters		116,000	116,000
Valuation date: 2 January 2002 with effect from 1 July 2002			
Total valuations	Land	407,351,300	407,351,300
	Improvements	1,808,731,200	1,808,731,200
	Improved	2,216,082,500	2,216,082,500
Assessment rates			
Calculated on land and improvements where the property has been developed			
	Residential per rand	0.01 & 0.003	0.01 & 0.003
	Commercial	0.07 & 0.025	0.07 & 0.025
	Other properties and right in land	0.095 & 0.055	0.095 & 0.055
	Sun City	0.095 & 0.0195838	0.095 & 0.017569
	Government properties and Tertiary Institutions	0.095 & 0.055 - Less 20 %	0.095 & 0.055 - Less 20 %
Number of properties			
	Residential	3,242	3,242
	Commercial	88	88
	Churches	36	36
Service charges: (Per site)			
<b>Refuse Removal</b>			
	Residential Madikwe	12.50 plus VAT	12.50 plus VAT
	Commercial Madikwe	25.00 plus VAT	25.00 plus VAT
	Residential Mogwase	11.00 plus Vat	11.00 plus Vat
	Commercial Mogwase	25.00 plus VAT	25.00 plus VAT
<b>Sewerage</b>			
	Residential Madikwe	12.50 plus VAT	12.50 plus VAT
	Commercial Madikwe	25.00 plus VAT	25.00 plus VAT
	Residential Mogwase	3.00 plus VAT	3.00 plus VAT
	Commercial Mogwase	25.00 plus VAT	25.00 plus VAT
Number of employees		88	70
Number of councilors		60	60